

HOUSE BILL 9

Introduced by Cobb

6/16	Introduced
6/16	Fiscal Note Requested
6/19	Referred to Education & Cultural Resources
6/20	Hearing
6/22	Fiscal Note Received
6/26	Fiscal Note Printed
	Died in Committee

1 HOUSE BILL NO. 9
2 INTRODUCED BY COBB

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE PAYMENT
5 OF EQUALIZATION AID DUE TO DEFICIENT TAX PAYMENTS; AMENDING
6 SECTIONS 20-9-104, 20-9-331, AND 20-9-333, MCA; AND
7 PROVIDING A DELAYED EFFECTIVE DATE."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 20-9-104, MCA, is amended to read:

11 "20-9-104. General fund cash reserve -- limitation.
12 (1) At the end of each school fiscal year, the trustees of
13 each district shall designate what the portion of the
14 general fund end-of-the-year cash balance shall that is to
15 be earmarked as cash reserve for the purpose of paying
16 general fund warrants issued by the district from July 1 to
17 November 30 of the ensuing school fiscal year. The amount of
18 the general fund cash balance that is earmarked as cash
19 reserve shall may not exceed 35% of the final general fund
20 budget for the ensuing school fiscal year and shall may not
21 be used for property tax reduction in the manner permitted
22 by 20-9-141(1)(b) for other receipts. Any portion of the
23 general fund end-of-the-year cash balance that is not
24 earmarked for cash reserve purposes shall--be is cash
25 reappropriated which-shall and must be used for property tax

1 reduction as provided in 20-9-141(1)(b)(iii).

2 (2) The limitation of subsection (1) does not apply
3 when the amount in excess of the limitation is equal to or
4 less than any amount received during the current school
5 fiscal year:

6 (a) under Public Law 81-874; or

7 (b) from the settlement of protested taxes owed for
8 taxable years before or after [the effective date of this
9 act] if payment of the taxes was first protested prior to
10 [the effective date of this act] and was continuously
11 protested each year thereafter until settlement."

12 **Section 2.** Section 20-9-331, MCA, is amended to read:

13 "20-9-331. Basic county tax and other revenues for
14 county equalization of the elementary district foundation
15 program. (1) It--shall--be--the--duty--of--the The county
16 commissioners of each county to shall levy an annual basic
17 tax of 28 mills on the dollars dollar of the taxable value
18 of all taxable property within the county, except for
19 vehicles-subject--to--taxation--under--61-3-504(2) property
20 subject to a tax or fee under 23-2-517, 23-2-803,
21 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
22 purposes of local and state foundation program support. The
23 revenue to--be collected from this levy shall must be
24 apportioned to the support of the foundation programs of the
25 elementary school districts in the county and to the state



1 special revenue fund, state equalization aid account, in the
2 following manner:

3 (a) In order to determine the amount of revenue raised
4 by this levy which is retained by the county, the sum of the
5 estimated revenues revenue identified in subsection (2)
6 ~~below--shall~~ must be subtracted from the ~~sum-of-the-county~~
7 ~~elementary-transportation-obligation-and-the~~ total of the
8 foundation programs of all elementary districts of the
9 county.

10 (b) If the basic levy prescribed by this section
11 produces more revenue than is required to finance the
12 difference determined above in subsection (1)(a), the county
13 treasurer shall remit the surplus funds to the state
14 treasurer for deposit to the state special revenue fund,
15 state equalization aid account, immediately upon occurrence
16 of a surplus balance and each subsequent month thereafter,
17 with any final remittance due no later than June 20 of the
18 fiscal year for which the levy has been set.

19 (c) If revenue from the basic levy prescribed by this
20 section when combined with the other revenue from subsection
21 (2) is insufficient to fully fund the percentage determined
22 in 20-9-347(1)(b) and the county is eligible for an
23 apportionment of state equalization aid under the provisions
24 of 20-9-347(1)(c), the county superintendent shall notify
25 the superintendent of public instruction of the deficiency.

1 The superintendent of public instruction shall increase the
2 state equalization aid payments to the districts in the
3 affected county to offset the deficiency. A payment may not
4 be made under this subsection (c) that allows a district to
5 receive foundation program funding in excess of the
6 foundation program amount of the district.

7 (2) The proceeds revenue realized from the county's
8 portion of the levy prescribed by this section and the
9 revenues revenue from the following sources ~~shall~~ must be
10 used for the equalization of the elementary district
11 foundation programs of the county as prescribed in 20-9-334,
12 and a separate accounting ~~shall~~ must be kept of ~~such~~
13 ~~proceeds-and-revenues~~ the revenue by the county treasurer in
14 accordance with 20-9-212(1):

15 (a) the portion of the federal Taylor Grazing Act
16 funds distributed to a county and designated for the common
17 school fund under the provisions of 17-3-222;

18 (b) the portion of the federal flood control act funds
19 distributed to a county and designated for expenditure for
20 the benefit of the county common schools under the
21 provisions of 17-3-232;

22 (c) all money paid into the county treasury as a
23 result of fines for violations of law, except money paid to
24 a justice's court, and the use of which is not otherwise
25 specified by law;

1 (d) any money remaining at the end of the immediately
2 preceding school fiscal year in the county treasurer's
3 account accounts for the various sources of revenue
4 established or referred to in this section;

5 (e) any federal or state money distributed to the
6 county as payment in lieu of the property taxation
7 ~~established--by--the--county--levy--required--by--this--section,~~
8 including federal forest reserve funds allocated under the
9 provisions of 17-3-213;

10 (f) net proceeds taxes for interim production and new
11 production, as defined in 15-23-601; and

12 (g) anticipated revenue from vehicle property taxes
13 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
14 61-3-521, and 61-3-537, and 67-3-204."

15 **Section 3.** Section 20-9-333, MCA, is amended to read:

16 **"20-9-333. Basic special levy and other revenues for**
17 **county equalization of high school district foundation**
18 **program. (1) ~~it--shall--be--the--duty--of--the~~ The county**
19 **commissioners of each county to shall levy an annual basic**
20 **special tax for high schools of 17 mills on the dollar of**
21 **the taxable value of all taxable property within the county,**
22 **except for ~~vehicles--subject--to--taxation--under--61-3-504(2)~~**
23 **property subject to a tax or fee under 23-2-417, 23-2-803,**
24 **61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the**
25 **purposes of local and state foundation program support. The**

1 revenue ~~to--be~~ collected from this levy ~~shall~~ must be
2 apportioned to the support of the foundation programs of
3 high school districts in the county and to the state special
4 revenue fund, state equalization aid account, in the
5 following manner:

6 (a) In order to determine the amount of revenue raised
7 by this levy which is retained by the county, the sum of the
8 estimated revenues ~~revenue~~ identified in subsections--(2)(a)
9 and--(2)(b)--below--shall subsection (2) must be subtracted
10 from the sum of the county's high school tuition obligation
11 and the total of the foundation programs of all high school
12 districts of the county.

13 (b) If the basic levy prescribed by this section
14 produces more revenue than is required to finance the
15 difference determined above in subsection (1)(a), the county
16 treasurer shall remit the surplus to the state treasurer for
17 deposit to the state special revenue fund, state
18 equalization aid account, immediately upon occurrence of a
19 surplus balance and each subsequent month thereafter, with
20 any final remittance due no later than June 20 of the fiscal
21 year for which the levy has been set.

22 (c) If revenue from the basic levy prescribed by this
23 section when combined with the other revenue from subsection
24 (2) is insufficient to fully fund the percentage determined
25 in 20-9-347(1)(b) and the county is eligible for an

1 apportionment of state equalization aid under the provisions
 2 of 209-9-347(1)(c), the county superintendent shall notify
 3 the superintendent of public instruction of the deficiency.
 4 The superintendent of public instruction shall increase the
 5 state equalization aid payments to the districts in the
 6 affected county to offset the deficiency. A payment may not
 7 be made under this subsection (c) that allows a district to
 8 receive foundation program funding in excess of the
 9 foundation program amount of the district.

10 (2) The proceeds revenue realized from the county's
 11 portion of the levy prescribed in this section and the
 12 revenues revenue from the following sources ~~shall~~ must be
 13 used for the equalization of the high school district
 14 foundation programs of the county as prescribed in 20-9-334,
 15 and a separate accounting ~~shall~~ must be kept of these
 16 proceeds the revenue by the county treasurer in accordance
 17 with 20-9-212(1):

18 (a) any money remaining at the end of the immediately
 19 preceding school fiscal year in the county treasurer's
 20 accounts for the various sources of revenue established in
 21 this section;

22 (b) any federal or state moneys money distributed to
 23 the county as a payment in lieu of the property taxation
 24 ~~established by the county levy required by this section,~~
 25 including federal forest reserve funds allocated under the

1 provisions of 17-3-213;

2 (c) net proceeds taxes for interim production and new
 3 production, as defined in 15-23-601; and

4 (d) anticipated revenue from vehicle property taxes
 5 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
 6 61-3-521, and 61-3-537, and 67-3-204."

7 NEW SECTION. Section 4. Effective date. [This act] is
 8 effective July 1, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB9, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill for an act entitled: "An act to revise the payment of equalization aid due to deficient tax payments; amending Sections 20-9-104, 20-9-331, and 20-9-333, MCA; and providing a delayed effective date."

FISCAL IMPACT:

There is no fiscal impact to the state resulting from the passage of this bill.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill could increase local voted levies if all or part of PL 81-874 monies and monies from settlement of protested taxes are allowed as cash reserve excess instead of cash reappropriated for property tax reduction. However, the Department of Revenue does not have the information or resources to analyze the impact of the proposal within the time frame requested.



W. DAVID DARBY, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

DATE 6/22/89



JOHN COBB, PRIMARY SPONSOR

DATE 6/24/89

Fiscal Note for HB9, as introduced

HB 9